

## INFORMATION ON PROPERTY TAX BILLS

36 M.R.S. § 507 requires that, when a municipality issues a property tax bill to each taxpayer, each "bill must contain a statement or calculation that demonstrates the amount or percentage by which the taxpayer's tax has been reduced by the distribution of state-municipal revenue sharing, state reimbursement for the Maine resident homestead property tax exemption and state aid for education."

Municipalities may satisfy this statutory requirement by issuing property tax bills which include a statement similar to:

**AS A RESULT OF THE MONEY OUR MUNICIPALITY RECEIVES FROM THE STATE LEGISLATURE THROUGH THE STATE MUNICIPAL REVENUE SHARING PROGRAM, HOMESTEAD EXEMPTION REIMBURSEMENT AND STATE AID TO EDUCATION, YOUR PROPERTY TAX BILL HAS ALREADY BEEN REDUCED BY \_\_\_\_\_ %**

The percentage is determined by dividing the total amount of state aid dollars received (revenue sharing, homestead exemption reimbursement and education subsidy) by the total tax commitment *plus* the total amount of state aid dollars received. The process is illustrated by the calculation sequence and the supporting example below (using this method the percentage is calculated by dividing line (5) by line (7) and multiplying that result by 100; the answer is 33.3%).

Homestead Reimbursement	(1) _____
BETE Reimbursement	(2) _____
Revenue Sharing	(3) _____
Education Subsidy	(4) _____
(1) + (2) + (3) + (4) =	(5) _____
Tax Commitment	(6) _____
(5) + (6) =	(7) _____
(5) ÷ (7) =	0. _____
Convert decimal to percentage	
x 100 =	<div style="border: 1px solid black; display: inline-block; width: 100px; height: 20px; vertical-align: middle;"></div> %

<b>EXAMPLE</b>	
Homestead Reimb.	(1) <u>50,000</u>
BETE Reimbursement	(2) <u>25,000</u>
Revenue Sharing	(3) <u>100,000</u>
Education Subsidy	(4) <u>200,000</u>
(1) + (2) + (3) + (4) =	(5) <u>375,000</u>
Tax Commitment	(6) <u>750,000</u>
(5) + (6) =	(7) <u>1,125,000</u>
(5) ÷ (7) =	0. <u>3333</u>
Convert decimal to percentage	
x 100 =	<div style="border: 1px solid black; display: inline-block; width: 80px; height: 20px; vertical-align: middle; text-align: center;">33.3%</div> This is the reduction

Some municipalities have chosen another way to satisfy the intent of the law which is by using the following statement:

**WITHOUT STATE AID FOR EDUCATION, HOMESTEAD EXEMPTION REIMBURSEMENT AND STATE REVENUE SHARING, YOUR TAX BILL WOULD HAVE BEEN \_\_\_\_\_ % HIGHER.**

Using this method and information in the example, the percentage is calculated by dividing line (5) by line (6) and multiplying that result by 100. In the example, the answer is 50.0%.

The decision of which statement to use is at the discretion of each individual municipality.

Additionally, 36 M.R.S. § 507 requires each bill issued must indicate the percentage of local property taxes distributed to education and local, county and state government.

These percentages are determined by dividing each of the four aforementioned components (*local education share, municipal appropriations (2&3 below), county and state government*) by the total assessments. The *state* component will be zero because no local property tax levies are directly appropriated to state government. The process is illustrated in the calculation sequence example below (one can further determine the pro-rata allocation of the local tax rate by applying the resulting individual percentages to the municipal tax rate).

<b>Assessments:</b>			
1. County Tax	\$ 340,500	<i>line 1 ÷ 5 =</i>	5.84%
2. Municipal Appropriation	\$ 2,800,000	<i>line (2+3) ÷ 5 =</i>	48.67%
3. TIF Financing Plan Amount	\$ 36,000		
4. Local Education Appropriation ( <b>Local Share/Contribution</b> )	\$ 2,650,000	<i>line 4 ÷ 5 =</i>	45.48%
5. <b>Total Assessments</b>	<u>\$ 5,826,500</u>		

Each bill issued must indicate the outstanding bonded indebtedness of the issuing municipality as of the date the bill is issued.

Each bill issued must clearly state the date interest will begin to accrue on delinquent taxes. Please note that the maximum rate that may be charged for 2017 tax assessments is **7.00%** simple interest.

For a current estimate of your municipality's revenue sharing visit Treasury's website: [http://www.maine.gov/treasurer/revenue\\_sharing/projections.html](http://www.maine.gov/treasurer/revenue_sharing/projections.html) or for education subsidy visit the DOE website at: <http://www.maine.gov/education/data/subsidy/taxinfo/munictax.htm>.

For all other information please write or call:

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